

US FERC OKs Cove Point test LNG shipment in July

WASHINGTON, July 3 (Reuters) -

Federal energy regulators on Thursday gave permission to Dominion Resources Inc. to receive a single test cargo of liquefied natural gas (LNG) later this month at its Cove Point, Maryland terminal.

Dominion wants to resume tanker shipments of LNG for the first time in 23 years at the Maryland plant.

The Federal Energy Regulatory Commission approved Dominion's request to test operations at Cove Point with a shipment of LNG sometime later in July. A FERC staff inspection of the facility earlier this week "found satisfactory progress," the agency said.

Dominion recently said it would be ready to receive the test shipment sometime after July 23.

LNG is natural gas super-cooled and compressed for shipments aboard special tankers. After arriving in port, the fuel is restored to conventional natural gas and moved into interstate pipelines. Algeria, Nigeria, Trinidad, Russia and Venezuela are among the world's LNG exporters.

Last month, Federal Reserve Chairman Alan Greenspan said LNG imports could help offset shrinking domestic natural gas supplies.

More than a dozen LNG terminal projects have been proposed in the past two years to supply the U.S. market, including the expansion of an existing terminal in Elba Island, Georgia. Two other U.S. LNG terminals are currently in operation in Louisiana and Massachusetts.

Environmental groups have expressed concern about new LNG plants, citing the safety risks of compressed natural gas and the vulnerability of LNG tankers to sabotage or attack.

Under FERC's supervision, Dominion is restarting Cove Point, which was built in 1974 and mothballed in 1980 due to falling natural gas prices.

The Cove Point case is pending before FERC in docket CP01-76.

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